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**AMENDMENT TO H.R. 1664, AS REPORTED  
OFFERED BY MR. SHERMAN OF CALIFORNIA**

In subsection (e) of the matter proposed to be inserted by section 1(a) of the bill, redesignate paragraph (3) as paragraph (4) and insert after paragraph (2) the following:

1           “(3) PER SE UNREASONABLE OR EXCESSIVE  
2           COMPENSATION.—

3           “(A) IN GENERAL.—Notwithstanding the  
4           standards established by the Secretary under  
5           paragraph (2), a compensation payment or  
6           compensation payment arrangement is unrea-  
7           sonable or excessive under paragraph (1)(A) if  
8           such payment or payment arrangement results  
9           in any executive or employee receiving total  
10          compensation of greater than \$1,000,000 per  
11          year.

12          “(B) DEFINITIONS.—For purposes of this  
13          paragraph—

14                 “(i) the term ‘total compensation’  
15                 means any type of compensation (whether  
16                 present, deferred, or contingent) but does

1 not include restricted stock, restricted op-  
2 tions, or sales commissions;

3 “(ii) the term ‘restricted stock’ means  
4 any share of common stock of the TARP  
5 recipient (or any affiliate thereof), but only  
6 if the executive or employee receiving such  
7 share—

8 “(I) is required to hold such  
9 share until after the date on which all  
10 financial assistance provided under  
11 this title has been repaid in full by the  
12 TARP recipient, along with any con-  
13 tractual dividend payments owed to  
14 the Federal government by the TARP  
15 recipient; and

16 “(II) is restricted from  
17 hypothecation, short sale, or any other  
18 transaction which insulates the execu-  
19 tive or employee from a decline in the  
20 value of such stock or option;

21 “(iii) the term ‘restricted option’  
22 means an option to purchase restricted  
23 stock at a price at least equal to its fair  
24 market value on the option grant date, but

1           only if the executive or employee receiving  
2           such restricted option—

3                       “(I) is restricted from exercising  
4                       such option or from selling restricted  
5                       stock acquired with such option until  
6                       after the date on which all financial  
7                       assistance under this title has been re-  
8                       paid in full by the TARP recipient,  
9                       along with any contractual dividend  
10                      payments owed to the Federal govern-  
11                      ment by the TARP recipient; and

12                      “(II) is restricted from  
13                      hypothecation, short sale, or any other  
14                      transaction which insulates the execu-  
15                      tive or employee from a decline in the  
16                      value of such stock or option;

17                      “(iv) the term ‘sales commission’  
18                      means any compensation determined solely  
19                      by reference to the products sold by an ex-  
20                      ecutive or employee as a commissioned  
21                      sales person through direct interaction  
22                      with purchasers; and

23                      “(v) the term ‘commissioned sales per-  
24                      son’ is an executive or employee who re-  
25                      ceives commissions, who spends the major-

1           ity of work time selling products directly to  
2           purchasers, and who is not one of the per-  
3           sons defined in Rule 16a-1(f) promulgated  
4           under the Securities Exchange Act of  
5           1934.

6           “(C) ADJUSTMENT.— The amount de-  
7           scribed in paragraph (1) shall be increased an-  
8           nually to reflect increases in cost of living and  
9           calculated on the basis of the Consumer Price  
10          Index for all urban consumers published by the  
11          Bureau of Labor Statistics

12          “(D) RULE OF CONSTRUCTION.—Nothing  
13          in this paragraph shall be construed to prohibit  
14          the Secretary from establishing standards under  
15          paragraph (2)(A) which—

16               “(i) define as unreasonable or exces-  
17               sive compensation payments or compensa-  
18               tion payment arrangements that result in  
19               an executive or employee receiving total  
20               compensation in an amount that is less  
21               than \$1,000,000 per year; or

22               “(ii) treat sales commissions, re-  
23               stricted stock, or restricted options as com-

1                   pensation for purposes of such stand-  
2                   ards.”.

